South Tyneside Council

Proposed Amendments to CAF

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Lucy Keating, Director of Legal & Governance (Monitoring Officer)

Constitution Committee – 14 July 2026

Report to Constitution Committee

Cabinet Portfolio/Lead Member: Cllr Paul Mackings, Leader of the Council

Report of Lucy Keating, Director of Legal & Governance (Monitoring Officer)

Subject: Proposed Amendments to CAF

Date: 14 July 2026

Wards affected: All Wards are equally represented by the work of the Constitution Committee.

Council ambitions: This will help us achieve and drive forward all five of our Ambitions in everything we do.

Does the report and any appendices contain information which has been identified as confidential or exempt?

No

For Executive Decisions only:

Is the decision a Key Decision? No

Is it included in the Forward Plan? No

If not in the Forward Plan is the report:

Relevant Scrutiny Chair: N/A

Is the decision eligible for call-in by Scrutiny? No

Purpose of Report

1. To seek the views of the Constitution Committee on a proposed amendment to the Council's Constitution in relation to:

   (1) The revision of CAF financial controls and
   (2) Clarification and standardisation of the Chair's casting vote provisions

Background Information

1. The Council's Constitution sets out the governance framework for Community Area Forums (CAFs), including requirements relating to the administration and monitoring of CAF funding schemes.

2. Within the current Constitution (Part B, Article 11, 11.10.7), provision is made that receipts must be provided where CAF-funded expenditure reaches a specified financial threshold (currently £500).

3. This requirement forms part of the Council's overall system of financial control, ensuring transparency and accountability in the use of public funds.

Main issues and Options to be Considered

Issues Identified

Proposed amendment to the Council's Constitution in relation to Community Area Forum (CAF) spending controls, specifically the threshold at which receipts must be provided

4. Feedback from officers supporting CAF delivery and financial administration has identified that the current £500 threshold:

    - Is relatively high in the context of typical CAF-funded projects.
    - Limits the level of financial assurance for smaller but more frequent transactions.
    - Creates inconsistency with general audit expectations, where supporting evidence is normally required for lower-value expenditure.
    - Presents a potential audit and reputational risk where public funds are spent without supporting documentation.

5. Given the devolved and community-led nature of CAF funding, there is a need to ensure that controls remain proportionate but robust.

Proposal 1

6. It is proposed that:

    - The Constitution be amended to reduce the threshold at which supporting receipts are required for CAF expenditure from **£500 to £0**.

7. This would mean that:

   - All CAF expenditure must be supported by valid receipts or, where this is not reasonably practicable, alternative appropriate documentary evidence.

Rationale for Change

8. Strengthening Financial Governance

9. Reducing the threshold will:

   - Enhance compliance with Financial Procedure Rules and audit standards.
   - Improve traceability of public funds.
   - Align CAF processes more closely with wider Council financial controls.

10. Risk Reduction

11. The proposed change will:

   - Reduce the risk of unverified or inappropriate expenditure.
   - Provide stronger assurance in the event of internal or external audit review.
   - Support the Council's wider duty regarding prevention of fraud and misuse of funds.

12. Subject to approval:

   - Draft amendment to the Constitution to revise the wording at Part B, Article 11, 11.10.7.
   - Inclusion within the next report on the Constitution to Full Council.
   - Update to guidance issued to CAF Members.
   - Communication to relevant officers and Member Support.

Current Constitution wording where a CAF Chair gets to use their casting vote.

13. On page 108 reference is made to the Chair of a CAF having a casting vote – "…if needed" which implies that the Chair will (as opposed to may) use the vote to transact business which would otherwise be deadlocked.

14. On page 214 reference is made to the Chair having a casting vote – and it reads:

   *"**19.4** When the Chairperson of a Committee is at a meeting, he or she has the right to lead the meeting. If there are equal numbers of votes for and against on any matter, the Chairperson will have a casting vote. If the Chairperson is not at a meeting the Vice-Chairperson has the right to chair the*

meeting and will have a casting vote if needed. However, at any meeting the Chairperson or Vice-Chairperson can invite the Committee to appoint any Member of that Committee as a temporary Chairperson for that particular meeting (notwithstanding Rule 18.2 above).”

15. However, on page 219 – Rule 29.2 refers to the Mayor at Full Council and says in one part that he or she “may exercise a casting vote”.

Proposal 2

16. It is proposed that:
    - The word “may” on page 219 is replaced with “will” as that does appear to be the intent throughout the constitution – that the person chairing a meeting will, if needed, use their casting vote to overcome a deadlock.

17. This would:
    - Ensure consistency across the Constitution.
    - Remove ambiguity in decision-making.
    - Support effective meeting management and avoids procedural deadlock.

Implications

Financial and Resources

18. No direct financial cost.

19. Potential reduction in financial risk exposure.

Legal and Governance

20. The Constitution must be formally amended - amendments required to provisions relating to:
    (a) Chair’s casting vote
    (b) CAF financial thresholds

21. Must remain consistent with the Council’s wider Financial Procedure Rules.

22. Increase in administrative requirements for Members and officers.

23. Requirement for clear guidance to CAF Chairs and Members.

Risk

24. Risk of inconsistent decision-making if wording remains unclear.

25. Potential for challenge to decisions in deadlock situations.

26. There is a risk that the increased requirement for receipts may create additional administrative burden for Members and community groups.

27. This risk will be mitigated through the provision of clear guidance and support to ensure compliance is proportionate and achievable.

28. Failure to strengthen controls may increase the risk of unsupported expenditure, audit challenge and potential reputational damage to the Council.

Equality and Diversity and Community

29. The proposed amendment applies consistently across all Community Area Forums and does not disproportionately impact any protected group.

30. Improved financial controls will support fair and transparent use of public funds, benefiting all communities.

Environmental and Sustainability

31. There are no direct environmental or sustainability implications arising from this report.

Council Ambitions, Policies, Strategies and Plans

32. The proposal supports the Council’s ambitions by promoting strong governance, transparency and responsible use of public resources.

33. It aligns with the Council’s Financial Procedure Rules and wider corporate governance framework.

Consultation and Engagement

34. Initial feedback has been obtained from officers involved in CAF delivery and financial administration.

35. The views of the Constitution Working Group were sought as part of the governance process prior to consideration by Full Council (if supported).

Recommendations

36. Support amendment to standardise the Chair's casting vote wording ('may' to 'will') to ensure constitutional consistency.

37. Support the reduction of the CAF receipt threshold from £500 to £0.

38. Recommend that any changes be progressed through the formal Constitution amendment process.

Reasons for Recommendations

39. To ensure consistency, clarity and robustness in the Council's governance framework, particularly in relation to decision-making where votes are tied.

40. To strengthen financial governance and ensure all CAF expenditure is appropriately evidenced.

41. To reduce audit and reputational risk associated with unsupported expenditure.

42. To align CAF processes with the Council's wider financial control framework.

List of Appendices

None

Proposed Amendment to CAF Financial Controls (Receipts Threshold)

The following is a list of the background papers (excluding exempt papers) relied upon in the preparation of the above report:

Background Paper	File Ref:	File Location
South Tyneside Council Constitution (Part B, Article 11)	N/A	Council Constitution - South Tyneside Council